



STATE MINING AND GEOLOGY BOARD

EXECUTIVE OFFICER'S REPORT

For Meeting Date: September 9, 2010

Agenda Item No. 9: Acceptance of a Petition for Classification of Mineral Lands, Granite Construction Company Power House Aggregate Project, Butte County.

INTRODUCTION: In accordance with the *"Guidelines for Classification and Designation of Mineral Lands"*, the State Geologist reviews mineral land classification petitions. Should certain criteria be met, the State Geologist may recommend acceptance of the petition by the SMGB. The State Mining and Geology Board (SMGB) received a petition for mineral lands classification from Mr. Yasha Saber, representing Granite Construction Incorporated (Granite), dated July 26, 2010, for mineral land classification of the proposed Power House Aggregate Project, located in the County of Butte. The SMGB is considering accepting the petition for the re-classification of mineral resource land for this project.

REGULATORY ASPECTS: Pursuant to PRC 2761(b), *"the State Geologist shall classify, solely on geologic factors, and without regard to existing land use and land ownership... any area for which classification has been requested by a petition which has been accepted by the board..."* Pursuant to PRC 2761(b)(3), *"The State Geologist shall require the petitioner to pay the reasonable costs of classifying an area for which classification has been requested by the petitioner..."*

Prior to acceptance of a petition by the SMGB, and in accordance with the *"Guidelines for Classification and Designation of Mineral Lands"* (Section III, Guidelines for Classification of Mineral Lands (1)(A)(1), *"Petitions will be preliminarily reviewed by the State Geologist to determine if the deposit meets the threshold value and other criteria required to qualify as MRZ-2a or MRZ-2b as in Section I.2. If these criteria are met, the State Geologist will recommend acceptance of the petition by the SMGB."*

BACKGROUND: The State Mining and Geology Board (SMGB) received a petition for mineral lands classification from Mr. Yasha Saber, Resource Development Project Manager for Granite Construction Incorporated, dated July 26, 2010, for mineral land classification of the proposed Power House Aggregate Project, located in the County of Butte. The site consists of about 500 acres located approximately 7 miles southwest of the City of Oroville. The petitioner has requested that the State Geologist reclassify the property as MRZ-2 for PCC-grade aggregate.

The petition application was reviewed by the CGS Minerals Resources Unit using the revised criteria for consideration of petitions, which were adopted by the SMGB in May 1994. The following determinations were made:



Executive Officer's Report

- 1) Based on test information provided by the petitioner, it is likely that much of the material on the property meets quality specifications for PCC aggregate.
- 2) Preliminary calculations based on information provided by the petitioner indicate that the property contains PCC-grade aggregate resources in excess of the threshold value of \$17,157,910 (2010 dollars) required for classification as MRZ-2.

Based on this preliminary review, the State Geologist has recommended acceptance of the petition by the SMGB. This preliminary assessment was based on a review of materials provided by the petitioner. The estimated cost of the preliminary assessment is \$600. It is estimated that the cost to conduct the classification study for the petition is \$12,500. The petitioner has submitted a check for \$5,000 to cover the cost of the preliminary evaluation. Should the SMGB accepts this petition, the petitioner will be required to submit an additional \$6,900 to cover the cost of performing the classification study. After completion of the classification project, unused funds will be returned to the petitioner.

EXECUTIVE OFFICER'S RECOMMENDATION: Based on the information presented by the Petitioner, and the results of the preliminary review and recommendation provided by the State Geologist, the Executive Officer recommends that the SMGB accepts the petition for mineral lands classification.

SUGGESTED MOTION LANGUAGE:

To Accept the Petition for Mineral Lands Classification:

Mr. Chairman, in light of the information before the State Mining and Geology Board today, I move that the Board accept the petition for classification of mineral lands for the Granite Construction Incorporated Power House Aggregate Project, located in the County of Butte.

Respectfully submitted:

Stephen M. Testa
Executive Officer